

Becoming a Title IV School

Prepared by

Jay Vaughan and Roger Swartzwelder

Dow, Lohnes & Albertson, PLLC

1200 New Hampshire Ave., Suite 800

Washington, DC 20036

(202) 776-2031

jvaughan@dowlohn.com

What Is Title IV?

- Federal Student Financial Assistance Programs Authorized by the Higher Education Act of 1965 as Amended
- Includes Both Grant and Loan Programs
- Available Only to Eligible Students Enrolled in Eligible Programs at Eligible Institutions

Eligible Institution

- Must Be Licensed or Otherwise Authorized by the State Where It Operates to Offer a Postsecondary Education Program
- Must Be Accredited by a Nationally Recognized Accrediting Agency
- Must Admit as Regular Students only Persons with High School Diplomas or the Recognized Equivalent or Persons beyond the Age of Compulsory School Attendance

Types of Eligible Institutions

- Institution of Higher Education
 - Public or Private Nonprofit Institution Located in U.S. or Its Territories
- Proprietary Institution of Higher Education
 - Private, For-Profit Institution Located in U.S. or Its Territories
- Postsecondary Vocational Institution
 - Public or Private Nonprofit Institution Located in U.S. or Its Territories

Additional Eligibility Requirements

- Two-Year Rule (Proprietary and Vocational Institutions Only)
 - Must Have Been Licensed and Offering the Same Postsecondary Instruction for at Least Two Consecutive Years
- 90/10 Rule (Proprietary Institutions Only)
 - Must Not Derive More Than 90% of Revenues from Title IV Funds

Additional Eligibility Requirements (cont.)

- Must Offer at Least One Eligible Program
- Must Not Have Filed for Bankruptcy Protection
- Institution, Owner, and CEO Must Not Have Pled Guilty, Pled No Contest, or Been Found Guilty of a Crime or Determined to Have Committed Fraud Involving Title IV Funds

Additional Eligibility Requirements (cont.)

- Ability-to-Benefit Rule (Nondegree Institutions Only)
 - At Least 50% of the Regular Students Enrolled in an Award Year Must Be High School Graduates or the Equivalent
- Incarcerated Students Rule
 - No More Than 25% of the Regular Students Enrolled in an Award Year Can Be Incarcerated

Additional Eligibility Requirements (cont.)

- Correspondence Instruction Limitations
 - No More Than 50% of Courses in an Award Year Can Be Offered by Correspondence
 - Telecommunications Courses are Correspondence Courses if All Telecommunications Courses and Correspondence Courses Together Equal at Least 50% of All Courses Provided
 - No More Than 50% of Regular Students Enrolled in an Award Year Can Be Enrolled in Correspondence Courses

Eligible Programs

- Institution of Higher Education
 - Associate's, Bachelor's, Graduate or Professional Degree; or
 - At Least a Two-Year Program that Is Acceptable for Full Credit toward a Bachelor's Degree; or
 - At Least a One-Year (Federal Definition) Program that Leads to a Credential and Prepares Students for Gainful Employment in a Recognized Occupation

Eligible Programs (cont.)

- Proprietary Institution of Higher Education
 - All Eligible Programs Must Provide Training for Gainful Employment in a Recognized Occupation and at Least One of the Following Programs of Study:
 - At Least 15-Week Undergraduate Program (600 Hours or 16 Semester or 24 Quarter Credits); or

Eligible Programs (cont.)

- At Least 10-Week Program (300 Hours or 8 Semester or 12 Quarter Credits) at Graduate Level or that Admits Only Students with at Least an Associate's Degree; or
- At Least 10-Week Undergraduate Program (300-599 Hours) that Admits Students without Associate's Degree and that Has Verified Completion and Placement Rates of at Least 70% (Federal Calculation), Has Been in Existence for at Least One Year, and Meets Certain Program Length Requirements (Loans Only)

Federal Definitions

- Academic Year (Two Components)
 - Calendar Time
 - 30 Weeks
 - Amount of Instruction
 - 900 Clock Hours; or
 - 24 Semester Credits; or
 - 36 Quarter Credits
- Clock Hour to Credit Formulas

Additional Requirements

- Administrative Capability
 - Must Be Able to Process Title IV Electronically
 - Must Designate Capable Individual to Administer Title IV Programs
 - Must Provide Financial Aid Counseling
 - Must Have Adequate Staffing
 - Must Adopt an Acceptable Satisfactory Academic Progress Policy

Additional Requirements (cont.)

- Administrative Capability (cont.)
 - Must Not Exceed Student Loan Default Limits
 - New Schools Must Develop Default Management Plans
 - New Schools Must Have Withdrawal Rate No More Than 33% (Federal Calculation)
 - Neither School nor Any Principal Has Been Debarred or Suspended

Additional Requirements (cont.)

- Financial Responsibility
 - Assessment of Whether School Can:
 - Provide Services Described in Its Publications
 - Properly Administer Title IV Funds
 - Meet All of Its Financial Obligations
 - Two Basic Considerations:
 - General Standards of Financial Health
 - Past Performance and Evaluation of Affiliated Individuals

Additional Requirements (cont.)

- Financial Responsibility (cont.)
 - School Is Determined to Be Financial Responsible if It
 - Has Composite Score of at Least 1.5
 - Has Sufficient Cash Reserves to Make Required Refunds
 - Is Current in Debt Payments
 - Is Meeting All Financial Obligations, Including Making Refunds

Additional Requirements (cont.)

- Financial Responsibility (cont.)
 - Alternative for New School to Demonstrate Financial Responsibility
 - Can Have Composite Score below 1.5 but Must Meet All Other Standards
 - Must Submit Irrevocable Letter of Credit
 - Acceptable and Payable to Department
 - Equal to 50% of Title IV Funds that Department Determines School Would Receive in Initial Year of Participation

Application

- Must Be Submitted Electronically
 - www.eligcert.ed.gov
 - Click “Initial Applicants”
- Must Be Materially Complete
 - Answers All Questions
 - Includes Copy of State License
 - Includes Documentation of Appropriate Accreditation
 - Two Years’ Audited Financial Statements

Application (cont.)

- School Must Send Two Representatives to Precertification Training Workshop
 - One Must Be Capable Designated Title IV Administrator
 - Must Attend All 4-1/2 Days of Workshop
- Provisional Certification (up to One Year)
- Must Sign Program Participation Agreement

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